

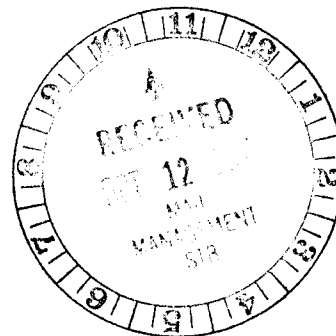


First Union Rail Corporation
NC5811
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018-4214
Tel 847 318-7575
Fax 847 318-7588

October 11, 2000

VIA UPS NEXT DAY AIR

Mr. Vernon E. Williams
Surface Transportation Board
1925 K Street, N.W., Room 704
Washington, DC 20423-0001
Attn: Recordation of Railroad Equipment



Re: Memorandum of Lease Agreement

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) originals and one (1) copy of a Memorandum of Lease Agreement, dated June 26, 2000, a secondary document as defined in the Board's Rules for the Recordation of Documents. The enclosed document relates to the Lease Agreement which was duly filed with the Commission under Recordation number 22846 on March 27, 2000.

The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018

Lessee: Albany & Eastern Railroad Company
875 NE Waverly Drive, Suite A
Albany, OR 97321

A description of the railroad equipment covered by the enclosed document is ten (10) 73' new centerbeam flatcars, built by National Steel Car, with car numbers AERC 7390-7399 inclusive.

A short summary of the document to appear in the index follows:

Memorandum of Lease between First Union Rail Corporation, Lessor and Albany & Eastern Railroad Company, Lessee, covering 10 73' new center beam flatcars, built by National Steel Car, car numbers AERC 7390-7399 inclusive.

Also enclosed is a check in the amount of \$26.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions or concerns regarding the above-referenced matter, please feel free to contact me at (847) 384-5342. Thank you for your cooperation in this matter.

Very truly yours,

Tiffany Chase-Morrison
Manager of Documentation

Enclosures

(AERC009)

RECORDATION NO. 22846-A FILED

OCT 17 '00 10-14 AM

SURFACE TRANSPORTATION BOARD

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 26th day of June, 2000, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Albany & Eastern Railroad Company ("Lessee"), an Oregon corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Master Lease Agreement (the "Lease"), dated as of April 7, 1999, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 9 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of July 1, 2000 and subject to the terms, conditions and provisions of the above-mentioned Lease and Rider.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:**FIRST UNION RAIL CORPORATION**

ATTEST:

By: [Signature]
Name: K. A. Dombrowski

By: [Signature]
Name: RICHARD F. SEYMOUR
Title: Vice President Sales & Marketing

Title: DIRECTOR OF DOCUMENTATION Executed on this 26th day of June, 2000.

[CORPORATE SEAL]

STATE OF ILLINOISCOUNTY OF COOK

I, SUSAN GROKULSKY, a Notary Public of the County and State aforesaid, certify that RICHARD F. SEYMOUR personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 26th day of JUNE, 2000.

[Signature]
Notary Public

My Commission Expires:

8-14-2000
(Notary Public)



AERC009 rider.doc

RECORDATION NO. 22846-A FILED

OCT 17 '00 10-14 AM

SURFACE TRANSPORTATION BOARD

LESSEE:

ALBANY & EASTERN RAILROAD COMPANY

ATTEST:

By: Joli Root
Name: Joli Root
Title: Secretary

By: Mike Root
Name: MIKE Root
Title: PRESIDENT

Executed on this 25 day of April, 2000.

[CORPORATE SEAL]

STATE OF Oregon
COUNTY OF Linn



I, Joli Root, a Notary Public of the County and State aforesaid, certify that Mike Root personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 25 day of April, 2000.

Joli Root
Notary Public

My Commission Expires:

Dec 6, 2002
(Notary Public)

EXHIBIT A
to
MEMORANDUM OF LEASE

NUMBER OF CARS:	Ten (10)
DESCRIPTION OF CARS:	New 73' 286,000 lb. capacity centerbeam flat cars built by National Steel Car Company
CAR NUMBERS:	AERC 7390 through 7399, inclusive.